

SPECIAL EDITION
JUNE 2004

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

*Office of the Vermont
State Treasurer
Retirement Division
133 State Street
Montpelier, VT 05633-6901
802-828-2305
Or
(800) 642-3191 within VT*

HEALTH INSURANCE OPEN ENROLLMENT

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HEALTH INSURANCE OPEN ENROLLMENT CONTINUES DURING THE MONTH OF JUNE FOR AN EFFECTIVE DATE OF AUGUST 1, 2004. AN EFFECTIVE DATE OF JULY 1ST WILL BE USED FOR ALL BC/BS FORMS THAT WERE RECEIVED IN THE RETIREMENT OFFICE PRIOR TO JUNE 8TH. DURING OPEN ENROLLMENT YOU MAY OBTAIN COVERAGE FOR YOURSELF, FOR ANY ELIGIBLE DEPENDENTS, CHANGE PLANS, PROVIDING IT HAS BEEN AT LEAST TWELVE MONTHS SINCE YOUR LAST CHANGE IN PLAN COVERAGE, OR DELETE COVERED MEMBERS.

**IF YOU DO NOT WISH TO MAKE A CHANGE IN YOUR
MEDICAL COVERAGE AT THIS TIME, YOU DO NOT
NEED TO DO ANYTHING.**

A Message from Jay Kaplan— Retired Teacher Association Representative to the VSTRS

Looking at the number of retired teachers who have chosen the JY Plan offered by Blue Cross Blue Shield of Vermont, it's clear to me that some of us could save a lot of money if we switched to the \$250 Comp Plan or the Vermont Health Partnership (VHP is **NOT** available to retirees who are eligible for Medicare). Each of us must decide soon if he or she wants to change plans. If you are contemplating a change, remember that JY, \$250 Comp, and VHP are **virtually identical** in medical benefits (the **ONLY difference** is that the VHP has a vision exam benefit the other two do not and you must access your benefit through a primary care physician). Cost wise, there are differences in premium contributions, deductibles, or co-insurance rates between the plans. Our share of the premium is deducted from our retirement checks; we pay deductibles and other out-of-pocket expenses only when we receive medical care or purchase drugs.

Let me give you an example of the difference in cost and how much you can save potentially if you switch plans. The premium for a retiree under 65 with a single **JY Plan** will be \$5,218 next year; the state will subsidize it with a contribution of \$3,718, for a total annual cost to the retiree of **\$1,500**. (JY also requires a \$10 office visit fee each time you visit the doctor. JY also has deductibles for private duty nursing, ambulance care, and durable medical equipment.)

The **\$250 Comp and the VHP Plans** each cost \$4,648 for single coverage, and the state subsidizes both with a contribution of \$3,718 per person. The cost of the premium, then, for a retiree with single coverage only under either plan is **\$930** (as opposed to \$1,500 under the JY Plan).

Under the **\$250 Comp Plan**, there is also a \$250 deductible per person, per calendar year, that you pay when you visit the doctor, and after that you pay **20%** on all covered medical services (the plan pays 80%), until you reach a **maximum** out-of-pocket cost, per calendar year, of **\$500**. If you incur \$500 in deductible and co-insurance costs next year under the \$250 Plan, and add to that your 2004-05 premium contribution of \$930, the most you will spend next year on medical care (**NOT** counting drug costs) is \$1,430. (The \$250 Comp and VHP Plans have the same drug costs--deductibles per person and co-pays per prescription--as JY. These costs, as with JY, are in addition to your premium contributions and other deductibles.) That maximum cost projection is still **\$70.00 less** for a person with single coverage than just the cost of JY's premium, and if you don't go to the doctor often, your savings will be even greater under the \$250 Comp Plan.

Under the VHP plan, when you visit your primary care doctor, you pay **\$5.00 per visit**, and **\$15.00 per visit** each time you see a BCBS specialist. \$250 Comp Plan, VHP is a managed care product and requires each retiree to designate a primary care doctor who is in the BCBS-VHP network of primary care physicians. The VHP Plan also has out-of-network care requirements that are different from those in the JY and \$250 Comp Plan. It is important to understand how the VHP medical networks function before you switch plans.

Many of us are familiar with these plans from our days as active teachers. Just the same, I strongly encourage you to call the retirement system at 802-828-2305 or 1-800 642-3191, toll free within Vermont.

Open Enrollment for Health Care Plans Cynthia Webster, Director of Retirement Operations

Now is the time to review your health care plan and decide to stay with it or change to another plan. All retirees have several plans from which to choose.

The JY, JY Carve-Out, \$250 Comprehensive and \$250 Comprehensive Carve-Out plans offer comparable coverage for the most common medical expenses. The only real difference is how you pay the annual deductible. (See the chart on page 3 for a comparison of the coverage for hospital, outpatient and physician charges.) The plans offer an annual \$500 per person out-of-pocket maximum; and, with the new prescription drug program, both plans offer identical prescription coverage as well.

Now consider the price of the health care plans. The JY Carve-Out Plan (with Medicare coverage) currently costs \$1,500 annually for one person, compared to \$930 for the \$250 Comprehensive Plan. That represents a difference of over **\$570** per year in premiums. The annual savings doubles to \$1,140 for two people on the plan. Even with the larger up-front deductible, the \$250 Comprehensive Carve-Out Plan represents a significant out-of-pocket premium savings with the same basic coverage as the JY Carve-Out Plan.

Details of these plans can be found in a free booklet from the Retirement Office, which also has the forms for selecting a different health care plan. To request the necessary forms, please contact the Retirement Office, call 828-2305 or 1-800-642-3191. (Toll-free calls must be made from Vermont.) **July 8 is the deadline for the August 1st effective date.**



Plan Rates:	<u>JY Plan</u>	<u>250 Comp</u>	<u>VHP</u>
Single Under 65	\$124.91	\$ 77.48	\$ 77.48
2-person	\$547.39	\$451.40	\$451.40
Single Over 65	\$132.21	\$ 62.38	N/A



For a breakdown of two person and family rates, please visit the Treasurer's Office Web-site @ www.vermonttreasurer.gov and click on Vermont Teachers' Retirement System.

Frequently asked questions:

Q: If I switch from the JY plan to the \$250 Comp Plan in August, will I have to meet the full \$250 deductible before the end of the year before the plan begins to pay any portion of my medical expenses?

A: Yes, unless you have met some or all of the deductibles under the JY plan. Any annual deductible you have already met for the 2004 calendar year (except for the prescription deductible) will be applied toward the \$250 Comp plan as well. For this reason, it might be more advantageous to wait until the next open enrollment period effective on January 1 and February 1 of 2005 to make the switch.

Q: Will my BCBS plan cover medical expenses if I travel outside of the United States?

A: Yes, there is a network of BCBS providers and hospitals across the globe. According to the Blues, the hospitals and providers overseas in network should accept a medical insurance card from BCBSVT and should be able to bill the Blues directly for whatever services are rendered. However, the best laid plans of insurance companies oft go astray, so you should be prepared that you may be asked to pay out of pocket for medical treatment received abroad, even in a network hospital or by a network provider. If this happens, you should get a formal record (in English, if possible) from the provider of the services rendered and the cost (in U.S. currency, if possible). When you return home, you should submit the documentation to the Blues with a clear and chronologically correct narrative of what happened, where you were treated and by whom, and that you are requesting appropriate reimbursement. Keep copies of everything you send to or receive from the Blues.

Please note that Medicare does not pay for medical treatment received overseas. However, if you are a Medicare-eligible retiree, you must still process the reimbursement request through normal channels with the Blues. Medicare will deny the request to pay its share, and once BCBS is notified of the denial, they will process the claim and pay whatever the allowable price is under the applicable BCBSVT policy. You will be balance billed for the amount that normally would have been picked up by Medicare.

NEXT OPEN ENROLLMENT PERIOD: January 1 and February 1, 2005, providing you have not switched plans within the prior 12-month period.

Important Notice - The toll-free line within Vermont has a new look. If you dial 1-800-642-3191, you will receive a voice message that provides a list of options. If you wish to reach the Retirement Division, simply press "1", and you will be transferred to a live person if you are calling within the normal working hours of 7:30 to 4:30. After-hours callers may leave a voice message that will be answered during the next working day.

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Examples of Coverage

Selected Services	JY Carve-Out Plan	\$250 Comprehensive Carve-Out Plan
Hospital Inpatient	<ul style="list-style-type: none">Medicare pays the claim first.BCBSVT pays balances at 100% of Allowable Price.Up to 365 days per inpatient stay.	<p>Medicare pays first.</p> <p>You must cover any balances until your out-of-pocket expenses plus the amount Medicare covers reaches your \$250 BCBSVT deductible.</p> <p>Then BCBSVT covers Medicare balances for approved services at 80% of the Allowed Price.</p>
Hospital Outpatient	<ul style="list-style-type: none">Medicare pays the claim first.BCBSVT pays balance at 100% of Allowed Price.	
Physician’s Office Visits	<ul style="list-style-type: none">Medicare pays the claim first.BCBSVT pays all balances after your \$10 Visit Fee.	
<p>Medicare does not cover prescription drugs. You pay your \$100 annual prescription drug deductible, then:</p> <ul style="list-style-type: none">A \$6 co-payment for generic drugs, orA \$12 co-payment for Brand-Name drugs that are on Brand-Name drug list, orA \$24 co- payment for Brand-Name drugs that are not on the preferred Brand-Name drug list (non-preferred drugs).		

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